

House of Representatives, March 31, 1998. The Committee on Finance, Revenue and Bonding reported through REP. SCHIESSL, 60th DIST., Chairman of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING ELECTRIC RESTRUCTURING.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) It is the policy of the state
2 of Connecticut to actively pursue deregulation of
3 the electric industry in this state in order to
4 provide the maximum rate reduction benefit for all
5 customers.

6 Sec. 2. (NEW) As used in sections 1 to 6,
7 inclusive, of this act:

8 (1) "Electric company" means electric company
9 as defined in section 16-1 of the general
10 statutes;

11 (2) "Electric distribution services" means the
12 owning, leasing, maintaining, operating, managing
13 or controlling of poles, wires, conduits or other
14 fixtures along public highways or streets, for the
15 distribution of electricity, or electric
16 distribution-related services;

17 (3) "Electric generation services" means
18 electric energy, electric capacity or
19 generation-related services;

20 (4) "Electric transmission services" means
21 electric transmission or transmission-related
22 services.

23 Sec. 3. (NEW) (a) Not later than January 1,
24 1999, each electric company shall submit a plan to
25 the Department of Public Utility Control to
26 unbundle and transfer all its generation assets
27 and related functions to corporate affiliates that
28 are structurally separate from the company's
29 transmission and distribution affiliates. The plan
30 shall include, but is not limited to (1) unbundled
31 prices or rates for generation, distribution and
32 other distribution-related services, and (2)
33 procedures for ensuring access to the distribution
34 system to all electric suppliers.

35 (b) The department shall conduct any
36 proceedings it deems necessary in order to approve
37 or modify such plan.

38 Sec. 4. (NEW) The Department of Public Utility
39 Control shall open a docket to examine and
40 investigate, on its own motion, the extent to
41 which electric rates can be reduced for all
42 customers of electric utilities if the plans for
43 unbundling, approved in accordance with section 3
44 of this act are authorized for implementation.

45 Sec. 5. (NEW) The Department of Public Utility
46 Control shall, not later than January 1, 1999,
47 develop a plan to provide all end-use electric
48 utility customers with information concerning
49 electric deregulation. The plan shall be submitted
50 to the General Assembly, in accordance with the
51 provisions of section 11-4a of the general
52 statutes, for its approval.

53 Sec. 6. (NEW) (a) The Secretary of the Office
54 of Policy and Management, in consultation with the
55 office of the State Treasurer and the joint
56 standing committee of the General Assembly having
57 cognizance of matters relating to energy and
58 technology shall employ a nationally recognized
59 firm with expertise in the electric industry for
60 the purpose of conducting a study and making
61 recommendations concerning possible deregulation
62 of the electric industry in this state. The report
63 shall include, but is not limited to, an
64 examination of (1) the operation and financial
65 future of Connecticut Light & Power, (2) the
66 policy choices and options available to
67 legislators to achieve maximum rate savings to all
68 customers for the longest period of time, in light
69 of present and predicted future conditions in the
70 electric industry, (3) the experience gained from

71 the implementation of deregulation in New England
72 and the nation, and (4) the operational readiness
73 of the Independent System Operator of New England,
74 Inc., or its successor organization, as approved
75 by the Federal Energy Regulatory Commission.

76 (b) The secretary shall submit the report
77 developed pursuant to subsection (a) of this
78 section, to the Governor and the General Assembly
79 in accordance with the provisions of section 11-4a
80 of the general statutes not later than January 1,
81 1999. Said report shall form the basis of any
82 implementing legislation necessary during the 1999
83 regular session of the General Assembly.

84 Sec. 7. This act shall take effect from its
85 passage.

86 ET	COMMITTEE VOTE: YEA 15 NAY 2	JFS	C/R	ENV
87 PD	COMMITTEE VOTE: YEA 17 NAY 2	JF	C/R	JUD
88 FIN	COMMITTEE VOTE: YEA 42 NAY 0	JFS		

plan to provide all end use customers with information about electric deregulation. It is anticipated that this will result in a workload increase to the Department which can be handled within normal budgetary resources.

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OLR BILL ANALYSIS

SHB 5005

AN ACT CONCERNING ELECTRIC RESTRUCTURING

SUMMARY: This bill requires each electric company to submit a plan to the Department of Public Utility Control (DPUC) to separate ("unbundle") its generation assets and related functions and transfer them to a corporate affiliate that is structurally separate from the company's transmission and distribution affiliates.

The plan must provide for at least (1) unbundled prices or rates for generation and distribution and (2) access to the distribution system for all electric suppliers. DPUC must conduct proceedings it considers necessary to approve or modify the plan.

DPUC must also open a proceeding to examine and investigate the extent to which electric rates can be reduced for all customers if it approves the unbundling plans. It must also develop a plan to provide all retail electric customers with information concerning electric deregulation. The plan must be submitted to the legislature for its approval.

The bill requires the Office of Policy and Management (OPM) in consultation with the Treasurer's Office and the Energy and Technology Committee, to hire a firm to study the issue of electric industry deregulation. OPM must report to the governor and legislature by January 1, 1999.

EFFECTIVE DATE: Upon passage

FURTHER EXPLANATION

OPM Study

OPM, in consultation with the Treasurer's Office and the Energy and Technology Committee, must employ a nationally recognized firm with expertise in the electric industry to study and make recommendations regarding the possible deregulation of the industry. The report (presumably prepared by the firm) must examine: (1) the operations and financial future of Connecticut Light and Power; (2) legislative policy options for achieving the greatest long run rate savings experience for all customers, in light of the industry's present and predicted condition; (3) other states' deregulation experience; and (4) the operational readiness of the Independent System Operator (ISO) of New England, Inc or its federally approved successor. (The ISO is responsible for coordinating electric generation and distribution in New England.)

OPM must submit the report to the legislature by January 1, 1999. The report must form the basis of implementing legislation during the 1999 regular session.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute Change of Reference
Yea 15 Nay 2

Environment Committee

Change of Reference
Yea 14 Nay 1

Planning and Development Committee

Joint Favorable Change of Reference
Yea 17 Nay 2

Judiciary Committee

Change of Reference
Voice Vote

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

File No. 220

7

Yea 42 Nay 0